

LENDING · LOAN ORIGINATION

The loan file is only as real as **its documents.**

Underwriting rests on payslips, bank statements and ID - and generative AI can now fabricate all three in minutes, well enough to clear serviceability and pass OCR. This brief sizes the exposure for a digital lender and shows the dollar impact of sealing evidence at origination. Every figure is drawn from published industry research, cited at the end.

WHAT CAPSEAL IS

Trust for evidence, decided at the moment of capture.

Generative AI has made it trivial to fake the photos and documents that decisions rely on - a payslip, a bank statement or a damage photo can be fabricated in minutes, with no skill, and it passes inspection. Detecting the fake after the fact is a losing arms race.

CapSeal seals evidence on the device, the instant it is captured - cryptographically binding each photo or document to a real device, time and place, and proving it has not been altered since. Genuine evidence flows straight through to fast decisions; fabricated evidence cannot produce a valid seal, so it is stopped before any money moves. Each decision carries a proof that can be independently verified. CapSeal integrates into the app and workflow already in use - it is not a rip-and-replace.

THE PROBLEM, IN THE INDUSTRY'S NUMBERS

Income and document fraud went generative

The documents lenders rely on are exactly the documents AI fakes best: internally consistent, correctly formatted, and free of the editing artefacts forensic tools look for - because they are generated, not edited.

\$9.2B

US auto-lending fraud exposure; ~43% from income & employment misrepresentation

Point Predictive, 2025

1 in 10

paystubs supplied to US lenders is fake - a ratio rising for three straight years

industry survey, 2025

\$1B+

suspected loan fraud on AI-generated documents uncovered at one major Australian bank

reported 2026

5x

growth in AI-generated document fraud in a single year

industry research, 2025

The fraud rarely shows up in a fraud column. It shows up as credit losses, months later, on loans underwritten against income that never existed. Roughly 1 in 116 mortgage applications carries fraud risk, and income misrepresentation is the most common finding in investigated cases - while fully synthetic statements, generated rather than edited, leave no manipulation artefacts for visual inspection or forensics to find.

THE SHIFT

From document forensics to document provenance

TODAY

- ✗ Doctored payslips and statements clear serviceability and pass OCR
- ✗ Synthetic documents leave no editing artefacts for forensics to find
- ✗ Fraud surfaces only at first default, after funding
- ✗ Manual document review slows every genuine borrower
- ✗ No provenance record behind responsible-lending decisions

WITH CAPSEAL

- ✓ Fabricated income and ID files caught before funding, not at default
- ✓ Evidence must prove its origin - generated documents cannot
- ✓ Attested files advance straight to fast approval
- ✓ Underwriters focus on credit judgment, not pixel inspection
- ✓ Every decision carries a replayable provenance proof

HOW IT WORKS IN ORIGINATION

Four steps, inside the flow you already run

01

Capture

Borrower submits income, ID and statements in your origination flow or broker portal, sealed at source.

02

Seal

On-device signing for captured documents; provenance checks for third-party files.

03

Verify

Tamper and generation-artefact checks run; a proof object attaches to the file.

04

Decide

Attested files fast-track; unverified or tampered files route to manual credit review.

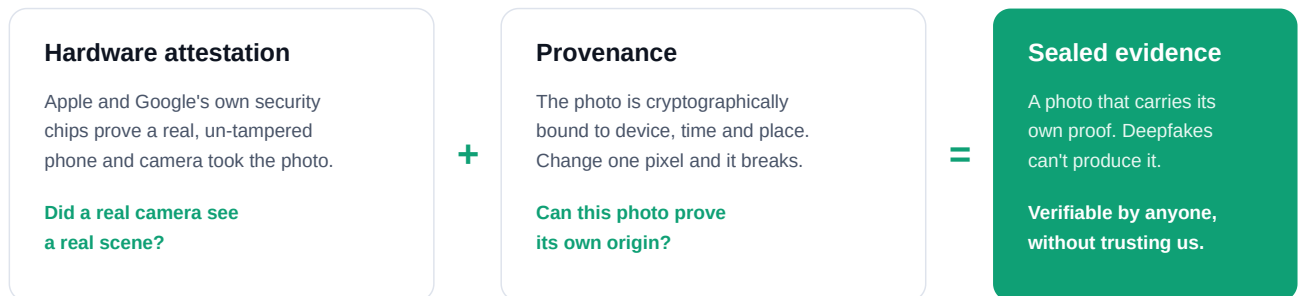
THE MECHANISM, IN ONE PICTURE

How the seal is made - and why it can be trusted

Two things at the moment of capture - **hardware attestation** and a **provenance seal** - make the evidence impossible to fabricate after the fact. A generated payslip has no origin to prove.



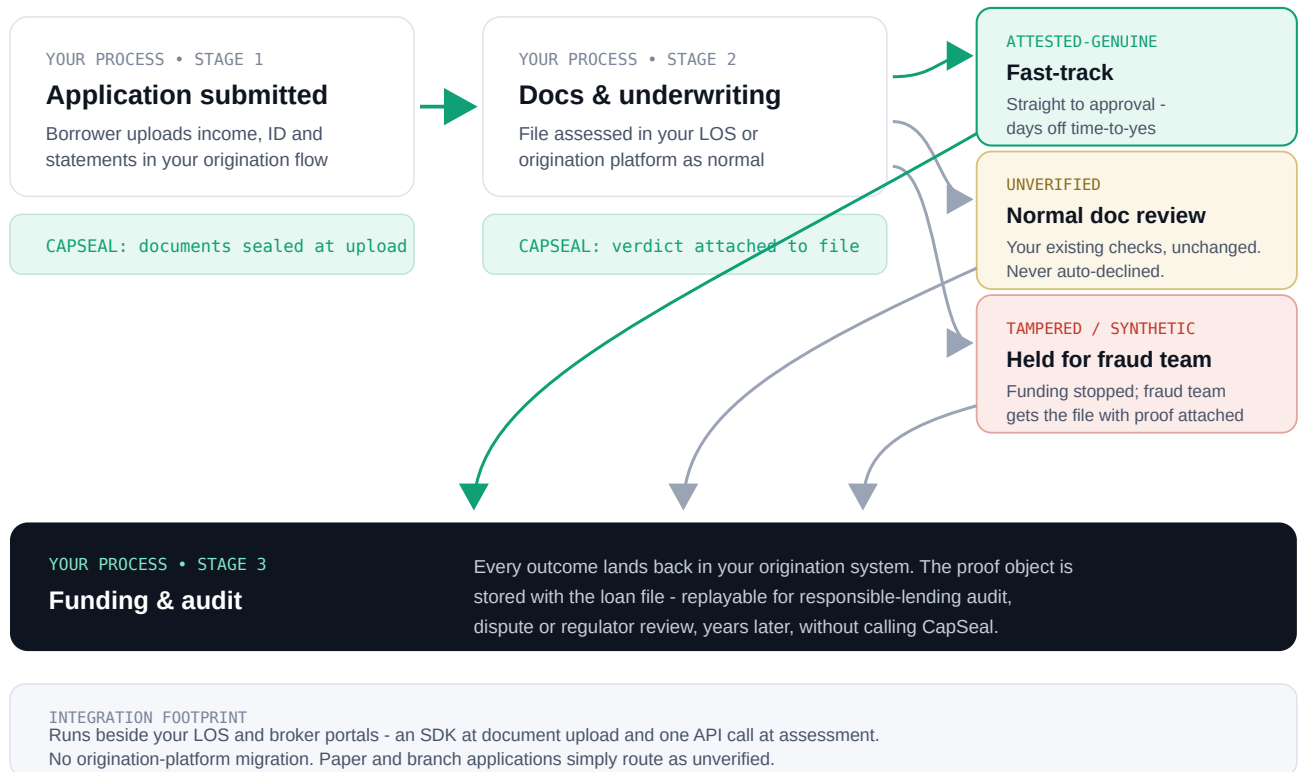
INSIDE THE SEAL



Genuine claims pass and pay instantly. Fabricated evidence never gets a seal.

Where CapSeal sits in the loan lifecycle

CapSeal does not replace your origination process - it adds two touchpoints to the one you already run. Documents are sealed at upload, a verdict attaches at assessment, and each file routes down one of three paths. Every outcome lands back in your LOS with the proof stored on the loan file. Paper and branch applications are never punished: they route to your normal document review, exactly as today.



THE DOLLAR MODEL

Sizing the exposure for a digital lender

A transparent, bottom-up build for a digital lender writing 40,000 applications a year. It isolates fabricated-document fraud specifically and uses a fabrication rate well below the published 1-in-10 paystub figure, so the number is defensible, not promotional.

APPLICATIONS / YR	SEALABLE AT ORIGATION	FILES WITH FABRICATED INCOME/ID	CAUGHT BEFORE FUNDING
40,000	70%	3%	85%
AVG LOSS PER FUNDED FRAUD FILE			
\$18,000			

CALCULATION	STEP	VALUE
Applications per year		40,000
Sealed at origination 40,000 x 70%	x 70%	28,000
Files with fabricated income or ID 28,000 x 3% - vs 1-in-10 paystub rate published	x 3%	840
Caught before funding x 85% prevention effectiveness	x 85%	714 files

Fraud loss avoided

714 x \$18,000 avg early-default loss

\$12.9M / yr

RECOVERABLE ANNUAL IMPACT · DIGITAL LENDER, 40K APPLICATIONS

\$12.9M

fraud loss avoided per year by stopping fabricated-income files before funding - plus days off time-to-yes for genuine borrowers - against a CapSeal cost of ~\$0.12M.

CONSERVATIVE	BASE CASE	AGGRESSIVE
\$6.0M	\$12.9M	\$19.0M

Why we lead with dollars, not a ratio: because CapSeal's cost is small next to the losses it prevents, the return multiple is inherently very large. We report the absolute dollar impact instead - a headline ROI of that size invites disbelief more than it earns trust. The honest reading: the intervention is cheap, and funded fraud is expensive.

HOW IT SCALES

The same model across origination volumes

APPLICATIONS / YR	SEALED	FRAUD FILES STOPPED	LOSS AVOIDED	CAPSEAL COST	NET IMPACT
40,000 digital lender	28,000	714	\$12.9M	\$0.12M	\$12.8M
100,000 multi-product	70,000	1,785	\$32.1M	\$0.15M	\$32.0M
250,000 major lender	175,000	4,462	\$80.3M	\$0.23M	\$80.1M

The honest boundary: CapSeal proves a document is genuine and unaltered - it does not verify that the borrower's circumstances are as represented, and it does not replace credit or serviceability assessment. It removes fabricated-evidence fraud from the funnel and hands underwriting a file it can finally trust.

SOURCES

Every input is cited

Point Predictive, Auto Lending Fraud Trends (2025) - US auto lenders face ~\$9.2B in fraud exposure; ~43% stems from income and employment misrepresentation.

Industry survey (2025) - approximately 1 in 10 paystubs supplied to US lenders is fake, rising for three consecutive years.

Cotality Annual Fraud Report (2025) - ~0.86% of mortgage applications (1 in 116) carry fraud risk; income misrepresentation is the most common finding, at 46% of investigated cases.

Reported 2026 - a major Australian bank uncovered over \$1B in suspected loan fraud involving AI-generated bank statements, pay stubs and identity documents that passed traditional verification.

Industry research (2025-26) - AI-generated document fraud grew ~5x in 2025; US mortgage fraud losses estimated at \$1-2B annually. Deloitte projects generative AI could push US fraud losses toward \$40B annually by 2027.

Illustrative model built on published industry ranges, not results from a named lender. Where sources give ranges, conservative values are used. Independent analysis by Syptime; not endorsed by the organisations cited. Figures USD.

Size this on your own book

We will model the impact on your portfolio and scope a pilot that runs beside your current process.

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